

**MEADOW TOWN  
FINANCIAL STATEMENTS  
JUNE 30, 2005**

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Honorable Mayor and Town Council  
Meadow Town  
Meadow, Utah 84644

We have reviewed the accompanying financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of Meadow Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants. All information included in these financial statements is the representation of the management of Meadow Town.

A review consists principally of inquiries of Town personnel and analytical procedures applied to financial data. It is substantially less in scope than an audit in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in conformity with generally accepted accounting principles.

The management discussion and analysis and budgetary comparison information on pages 4 through 13 and 38 through 40, are not a required part of the basic financial statements but are supplementary information required by the Governmental accounting Standards Board. Such information has not been subjected to the inquiry and analytical procedures applied in the review of the basic financial statements, but was compiled from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.



KIMBALL & ROBERTS, P. C.  
Certified Public Accountants

November 30, 2005  
Richfield, Utah

## **MEADOW TOWN MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

This discussion of Meadow Town's financial performance provides an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and public improvements and parks and recreation.

### **Financial Highlights**

- \* The assets of the Town exceeded its liabilities as of the close of the most recent year by \$1,299,416 (net assets). Of this amount, \$646,200 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- \* The government's total net assets increased by \$33,235. The revenues were less than the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts.
- \* At the close of the current year, the Town's governmental funds reported ending fund balances of \$92,360, a decrease of \$865 in comparison with the prior year. Approximately 8 percent of this total amount, \$7,251, is available for spending at the government's discretion (unreserved fund balance).
- \* At the end of the current year, unreserved fund balance for the general fund was \$7,251, or 11 percent of total general fund expenditures.
- \* The Town's total debt increased by \$5,323 during the current year.

### **Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to Meadow Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains supplementary information in addition to the basic financial statements themselves.

### **Government-wide Financial Statements**

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public health, highways and public improvements and parks and recreation. The business-type activity of the Town is the enterprise fund, containing water, electric and garbage services.

Refer to the table of contents for the location of the government-wide financial statements.

## **Fund Financial Statements**

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Meadow Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

### **Governmental Funds**

*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Meadow Town maintains two governmental funds, the general fund, which is always a major fund and the cemetery perpetual care fund, which is a permanent governmental fund.

The Town adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided to demonstrate legal compliance with the adopted budget.

Refer to the table of contents for the location of the basic governmental fund financial statements.

### **Proprietary Funds**

Meadow Town maintains three types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Town uses an enterprise fund to account for its water, electric and garbage operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The water, electric and garbage enterprise funds are considered major funds of the Town.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

## Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

### Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

### Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Meadow Town, assets exceeded liabilities by \$1,299,416 at the close of the most recent fiscal year.

By far the largest portion of the Town's net assets (44 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

#### Meadow Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	110,380	80,531	658,603	699,989	768,983	780,520
Capital Assets	335,854	343,113	271,777	203,219	607,631	546,332
Total Assets	446,234	423,644	930,380	903,208	1,376,614	1,326,852
Long-Term Liabilities	-	-	38,224	40,400	38,224	40,400
Other Liabilities	18,020	23,915	20,954	32,965	38,974	56,880
Total Liabilities	18,020	23,915	59,178	73,365	77,198	97,280
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	335,854	343,113	226,053	162,819	561,907	505,932
Restricted	85,109	40,000	6,200	6,200	91,309	46,200
Unrestricted	7,251	16,616	638,949	660,824	646,200	677,440
Total Net Assets	428,214	399,729	871,202	829,843	1,299,416	1,229,572

A portion of the Town's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$646,200, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

### Governmental Activities

Governmental activities decreased the Town's net assets by \$8,124. Key elements of this decrease follows:

#### Meadow Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	2,836	5,051	149,716	155,454	152,552	160,505
Operating Grants	23,553	33,977	-	-	23,553	33,977
Capital Grants	-	-	23,397	-	23,397	-
General Revenues:						
Property Taxes	7,246	6,112	-	-	7,246	6,112
Other Taxes	26,894	24,725	-	-	26,894	24,725
Unrestricted Investment Earnings	9,738	-	12,966	7,625	12,966	7,625
Total Revenues	70,267	69,865	186,079	163,079	246,608	232,944
Expenses:						
General Government	37,567	28,391	142,757	149,608	180,324	177,999
Public Safety	7,538	6,550	-	-	7,538	6,550
Highways & Streets	25,269	17,282	-	-	25,269	17,282
Parks and Recreation	8,017	19,205	-	-	8,017	19,205
Interest on Debt	-	-	1,963	2,098	1,963	2,098
Total Expenses	78,391	71,428	144,720	151,706	223,111	223,134
Decrease in Net Assets Before Transfers	(8,124)	(1,563)	41,359	11,373	33,235	9,810
Transfers	-	-	-	-	-	-
Increase in Net Assets	(8,124)	(1,563)	41,359	11,373	33,235	9,810
Net Assets - Beginning	436,338	401,292	829,843	818,470	1,266,181	1,219,762
Net Assets - Ending	428,214	399,729	871,202	829,843	1,299,416	1,229,572

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

## **Business-Type Activities**

Business-type activities increased the Town's net assets by \$41,359. Key elements of the changes are shown above.

## **Financial Analysis of the Government's Funds**

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

### **Governmental Funds**

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported ending fund balance of \$92,360 a decrease of \$865 in comparison with the prior year. Approximately 13 percent of this amount, \$7,251 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed: 1) highways and public improvements, \$48,000, 2) perpetual care, \$37,109.

The general fund is the chief operating fund of the Town. At the end of the current year, unreserved fund balance of the general fund was \$7,251, while total fund balance reached \$55,251. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 11 percent of total general fund expenditures, while total fund balance represents 78 percent of that same amount.

### **Proprietary Funds**

The Town's proprietary funds provide the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the enterprise fund at the end of the year was \$638,949. Other factors concerning the finances of this fund have already been addressed in the discussion of the Town's business type activities.

### **General Fund Budgetary Highlights**

There were no differences between the original budget and the final amended budget.

Of the total general fund expenditures, \$1,365 was funded out of prior year's unreserved fund balance.

## **Capital Asset and Debt Administration**

### **Capital Assets**

The Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$335,854 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements other than buildings, equipment and infrastructure, which includes roads, and highways. The total increase in the Town's investment in capital assets for the current year was \$14,800.



The capital asset addition during the current year included the following:

- \* Playground equipment \$9,800 and 2.9 acres of land for \$5,000.

The Town's investment in capital assets for its business-type activities as of June 30, 2005, was \$271,777 (net of accumulated depreciation). This investment in capital assets includes water and electrical systems and construction in progress. The total increase in the business-type assets for the current year was \$82,989. The major additions during the year were:

- \* Security system for the water tank, \$23,400.
- \* Construction-In-Progress for the water project, \$59,589.

**Meadow Town's Capital Assets**  
(net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	124,430	119,430	-	-	124,430	119,430
Infrastructure	135,000	151,875	-	-	135,000	151,875
Buildings	26,059	26,902	-	-	26,059	26,902
Improvements Other than Buildings	13,754	14,927	-	-	13,754	14,927
Equipment	36,611	29,979	212,188	203,219	248,799	233,198
Construction in Progress	-	-	59,589	-	59,589	-
<b>Total</b>	<b>335,854</b>	<b>343,113</b>	<b>271,777</b>	<b>203,219</b>	<b>607,631</b>	<b>546,332</b>

Additional information on the Town's capital assets can be found in the notes to the financial statements.

**Long -Term Debt**

At the end of the current year, the Town had revenue bonds outstanding of \$38,224.

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Long-Term Debt	-	-	38,224	40,400	38,224	40,400

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town has no general obligation debt.

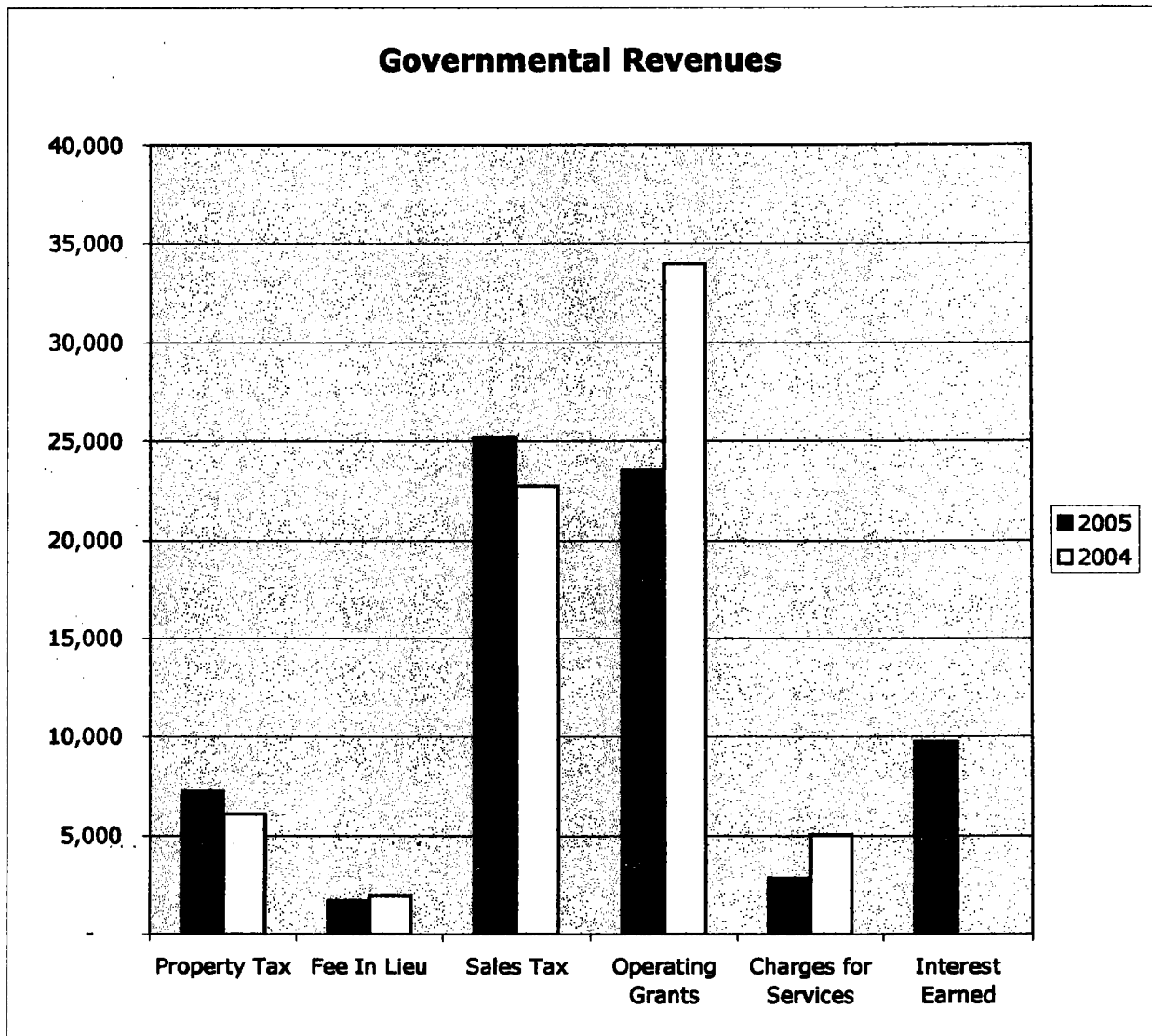
Additional information on the Town's long-term debt can be found in the notes to the financial statements.

**Request for Information**

This financial report is designed to provide a general overview of Meadow Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Meadow Town Treasurer, P.O. Box 88, Meadow, Utah, 84644.

**Meadow Town  
Governmental Revenues  
For The Fiscal Years Ending June 30, 2005 and 2004**

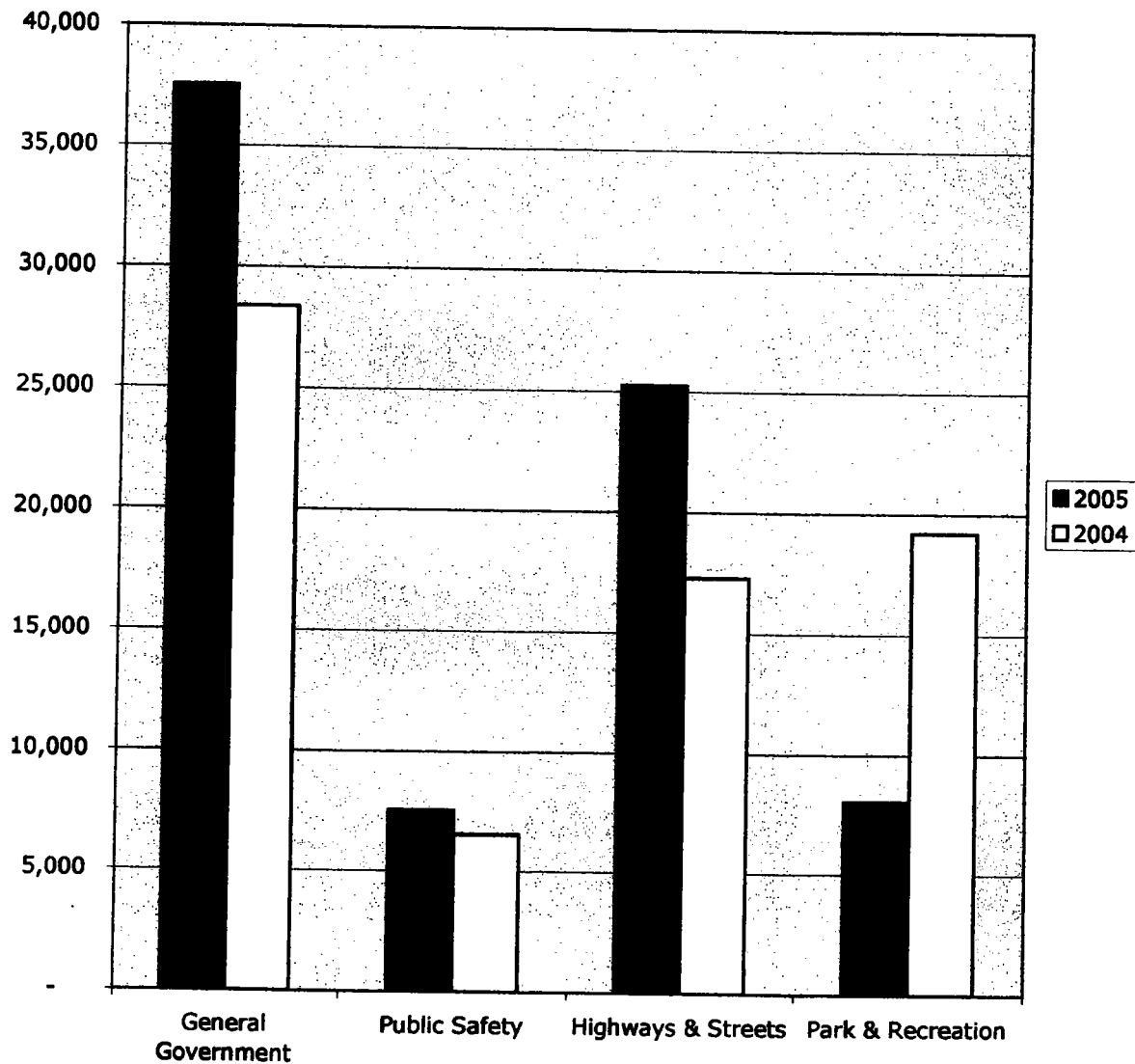
	2005	2004
Property Tax	7,246	6,112
Fee In Lieu	1,698	1,963
Sales Tax	25,196	22,762
Operating Grants	23,553	33,977
Charges for Services	2,836	5,051
Interest Earned	9,738	-
<b>Total Revenues</b>	<b><u>70,267</u></b>	<b><u>69,865</u></b>



**Meadow Town  
Governmental Expenditures  
For The Fiscal Years Ending June 30, 2005 and 2004**

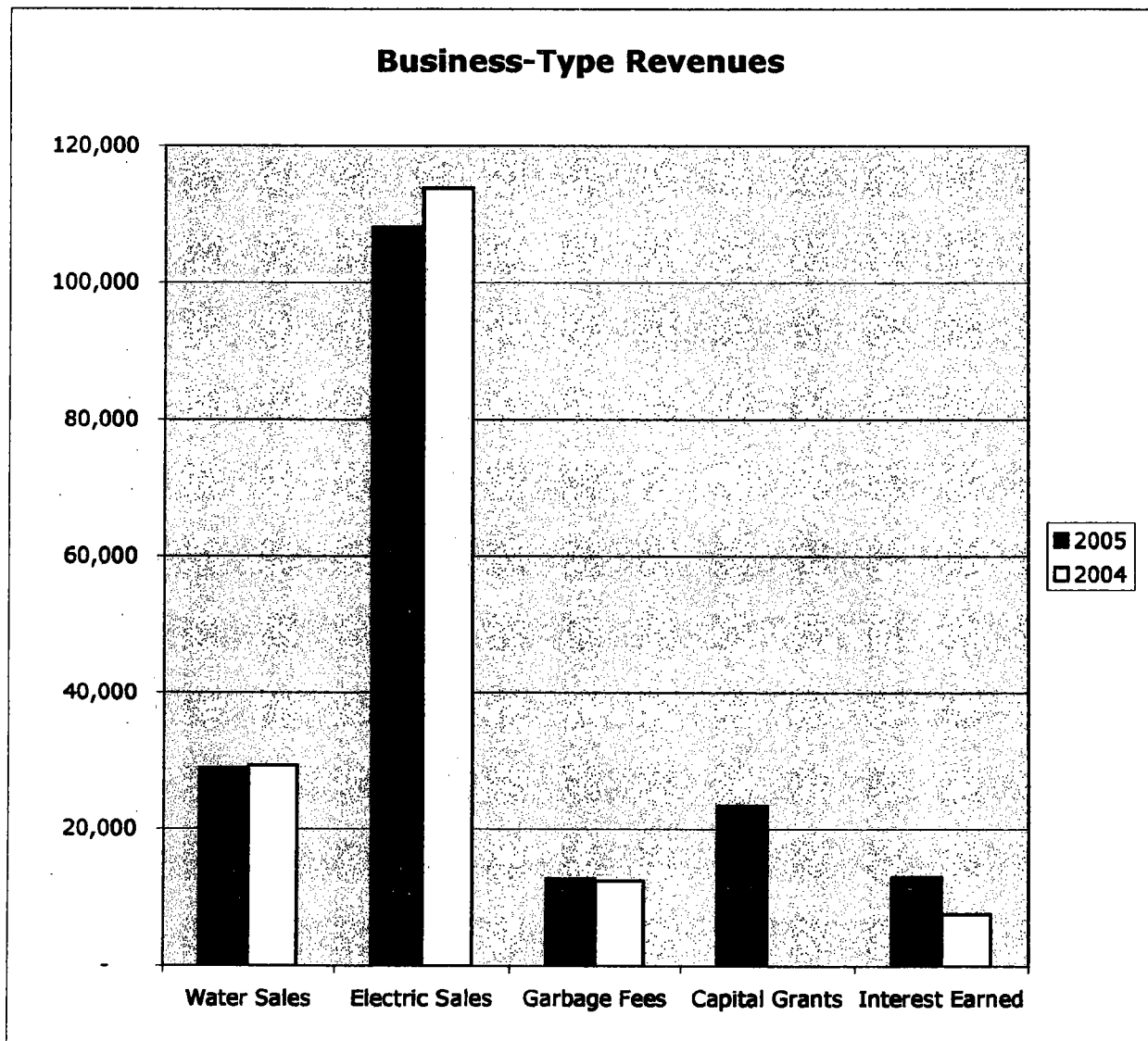
	2005	2004
General Government	37,567	28,391
Public Safety	7,538	6,550
Highways & Streets	25,269	17,282
Park & Recreation	8,017	19,205
<b>Total Expenditures</b>	<b>78,391</b>	<b>71,428</b>

**Governmental Expenditures**



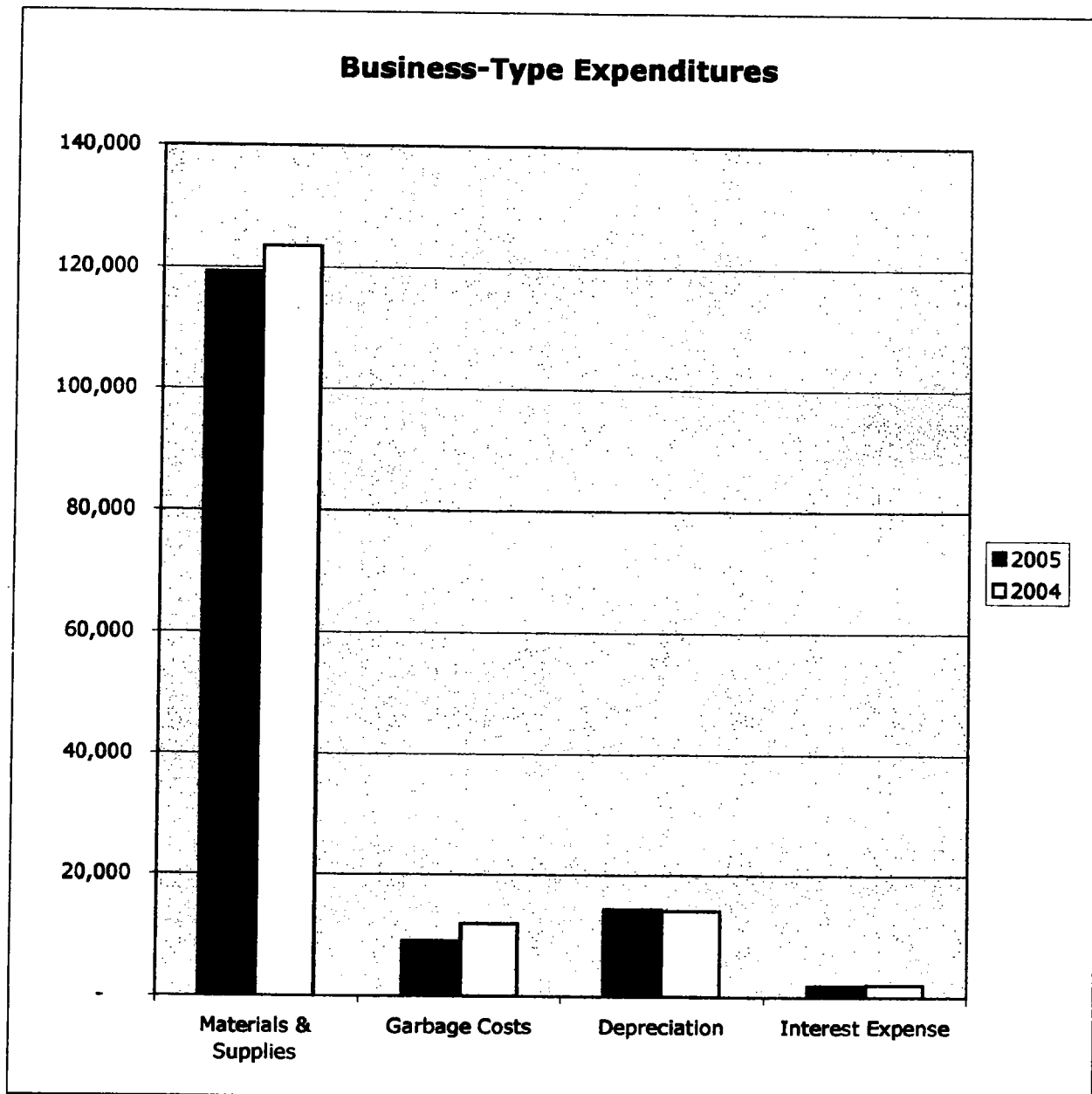
**Meadow Town**  
**Business-Type Revenues**  
**For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Water Sales	28,929	29,332
Electric Sales	108,141	113,741
Garbage Fees	12,646	12,381
Capital Grants	23,397	
Interest Earned	12,966	7,625
<b>Total Revenues</b>	<b>186,079</b>	<b>163,079</b>



**Meadow Town  
Business Type Expenditures  
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Materials & Supplies	119,205	123,477
Garbage Costs	9,120	11,992
Depreciation	14,432	14,139
Interest Expense	1,963	2,098
<b>Total Expenditures</b>	<b>144,720</b>	<b>151,706</b>



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## **BASIC FINANCIAL STATEMENTS**

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**MEADOW TOWN  
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>ASSETS</b>			
Current Assets:			
Cash and Cash Equivalents	106,921	641,563	748,484
Accounts Receivable (Net)	-	10,840	10,840
Due From Other Government Units	3,459	-	3,459
<b>Total Current Assets</b>	<b>110,380</b>	<b>652,403</b>	<b>762,783</b>
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	6,200	6,200
Capital Assets (Net of Accumulated Depreciation):			
Land	124,430	-	124,430
Buildings	26,059	-	26,059
Improvements Other Than Buildings	13,754	-	13,754
Equipment	36,611	-	36,611
Water and Electric Systems	-	212,188	212,188
Infrastructure	135,000	-	135,000
Construction in Progress	-	59,589	59,589
<b>Total Noncurrent Assets</b>	<b>335,854</b>	<b>277,977</b>	<b>613,831</b>
<b>TOTAL ASSETS</b>	<b>446,234</b>	<b>930,380</b>	<b>1,376,614</b>
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts Payable	18,020	8,800	26,820
Accrued Liabilities	-	254	254
Deposits Payable	-	4,400	4,400
Loans Payable	-	7,500	7,500
Revenue Bonds Payable - Due Within One Year	-	2,281	2,281
<b>Total Current Liabilities</b>	<b>18,020</b>	<b>23,235</b>	<b>41,255</b>
Noncurrent Liabilities:			
Revenue Bonds Payable - Due More Than One Year	-	35,943	35,943
<b>TOTAL LIABILITIES</b>	<b>18,020</b>	<b>59,178</b>	<b>77,198</b>
<b>NET ASSETS</b>			
Investment in Capital Assets, Net of Debt	335,854	226,053	561,907
Restricted For:			
Class C Road	48,000	6,200	54,200
Perpetual Care	37,109	-	37,109
Unrestricted	7,251	638,949	646,200
<b>TOTAL NET ASSETS</b>	<b>428,214</b>	<b>871,202</b>	<b>1,299,416</b>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b>446,234</b>	<b>930,380</b>	<b>1,376,614</b>

See accompanying notes and accountant's report.



**MEADOW TOWN  
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government:	Expenses	Program Revenues		Net (Expense) Revenues and Changes in Net Assets		
		Charges for Services	Operating Grants/Contributions	Capital Grants/Contributions	Governmental Activities	Business-Type Activities
Governmental Activities:						
General Government	37,567	2,336	-	-	(35,231)	-
Public Safety	7,538	-	6,873	-	(665)	-
Streets and Public Improvements	25,269	-	16,680	-	(8,589)	-
Park and Recreation	8,017	500	-	-	(7,517)	-
Interest on Long-Term Debt	-	-	-	-	-	(1,963)
Total Governmental Activities	78,391	2,836	23,553	-	(52,002)	(1,963)
Business-Type Activities:						
Water	22,865	28,929	-	23,397	-	29,461
Sanitation	9,120	12,646	-	-	-	3,526
Electric	110,772	108,141	-	-	-	(2,631)
Total Business-Type Activities	142,757	149,716	-	23,397	-	30,356
Total Primary Government	221,148	152,552	23,553	23,397	(52,002)	(23,609)
General Revenues:						
Property Taxes					7,246	-
Fee-In-Lieu of Property Taxes					1,698	-
Sales Taxes					24,589	-
Other Taxes					607	-
Unrestricted Investment Earnings					9,738	12,966
Total General Revenues and Transfers					43,878	12,966
Change in Net Assets					(8,124)	41,359
Net Assets - Beginning					436,338	829,843
Net Assets - Ending					428,214	871,202

See accompanying notes and accountant's report.

**MEADOW TOWN  
BALANCE SHEET  
GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	General Fund	Nonmajor Perpetual Care Permanent Fund	Total Governmental Funds
<b>ASSETS</b>			
Cash and Cash Equivalents	69,812	37,109	106,921
Due From Other Government Units	<u>3,459</u>	<u>-</u>	<u>3,459</u>
<b>TOTAL ASSETS</b>	<u><u>73,271</u></u>	<u><u>37,109</u></u>	<u><u>110,380</u></u>
<b>LIABILITIES AND FUND BALANCES</b>			
Liabilities:			
Accounts Payable	<u>18,020</u>	<u>-</u>	<u>18,020</u>
<b>Total Liabilities</b>	<u><u>18,020</u></u>	<u><u>-</u></u>	<u><u>18,020</u></u>
Fund Balances:			
Reserved For:			
Class "C" Road	48,000	-	48,000
Perpetual Care	-	37,109	37,109
Unreserved, Reported In:			
General Fund	<u>7,251</u>	<u>-</u>	<u>7,251</u>
<b>Total Fund Balance</b>	<u><u>55,251</u></u>	<u><u>37,109</u></u>	<u><u>92,360</u></u>
<b>TOTAL LIABILITIES AND FUND BALANCE</b>	<u><u>73,271</u></u>	<u><u>37,109</u></u>	<u><u>110,380</u></u>

See accompanying notes and accountant's report.

**MEADOW TOWN**  
**BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS**

June 30, 2005

Total Fund Balances - Governmental Fund Types	92,360
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

Land	124,430	
Buildings	26,059	
Improvements	13,754	
Equipment	36,611	
Infrastructure	<u>135,000</u>	
 Total		 <u>335,854</u>

Net Assets of Government Activities	<u>428,214</u>
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**MEADOW TOWN**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

**For The Fiscal Year Ended June 30, 2005**

	General Fund	Nonmajor Perpetual Care Permanent Fund	Total Governmental Funds
<b>Revenues:</b>			
Taxes	34,140	-	34,140
Licenses and Permits	804	-	804
Intergovernmental Revenue	23,553	-	23,553
Interest	9,738	-	9,738
Perpetual Care	-	500	500
Miscellaneous Revenues	1,532	-	1,532
<b>Total Revenues</b>	<u>69,767</u>	<u>500</u>	<u>70,267</u>
<b>Expenditures:</b>			
Current:			
General Government	37,567	-	37,567
Public Safety	7,538	-	7,538
Streets and Public Improvements	6,076	-	6,076
Parks and Recreation	5,151	-	5,151
Capital Outlay	14,800	-	14,800
<b>Total Expenditures</b>	<u>71,132</u>	<u>-</u>	<u>71,132</u>
<b>Net Change In Fund Balance</b>	(1,365)	500	(865)
<b>Fund Balance - Beginning</b>	<u>56,616</u>	<u>36,609</u>	<u>93,225</u>
<b>Fund Balance - Ending</b>	<u>55,251</u>	<u>37,109</u>	<u>92,360</u>

See accompanying notes and accountant's report.

**MEADOW TOWN**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN**  
**FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**

**For The Fiscal Year Ended June 30, 2005**

Amounts reported for governmental activities in the statement of activities  
are different because:

Net Changes in Fund Balances - Total Governmental Funds	(865)
---	-------

Governmental funds report capital outlays as expenditures. However, in  
the statement of activities the cost of those assets is allocated over their  
estimated useful lives and reported as depreciation expense. This is the  
amount by which capital outlays exceeded depreciation in the current period:

Capital Outlay	14,800	
Depreciation	<u>(22,059)</u>	
 Total		 <u>(7,259)</u>
 Changes In Net Assets of Governmental Activities		 <u><u>(8,124)</u></u>

**MEADOW TOWN  
STATEMENT OF NET ASSETS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund			
	Water System	Sanitation System	Electric System	Total
<b>ASSETS:</b>				
Current Assets:				
Cash and Cash Equivalents	76,056	7,822	557,685	641,563
Accounts Receivable	<u>2,030</u>	<u>1,087</u>	<u>7,723</u>	<u>10,840</u>
Total Current Assets	<u>78,086</u>	<u>8,909</u>	<u>565,408</u>	<u>652,403</u>
Noncurrent Assets:				
Investments - Restricted:				
Bond Retirement	6,200	-	-	6,200
Capital Assets: (Net of Accum. Depr.)				
Improvements Other Than Buildings	179,817	-	32,371	212,188
Construction in Progress	<u>59,589</u>	<u>-</u>	<u>-</u>	<u>59,589</u>
Total Noncurrent Assets	<u>245,606</u>	<u>-</u>	<u>32,371</u>	<u>277,977</u>
<b>TOTAL ASSETS</b>	<u><b>323,692</b></u>	<u><b>8,909</b></u>	<u><b>597,779</b></u>	<u><b>930,380</b></u>
<b>LIABILITIES:</b>				
Current Liabilities:				
Accounts Liabilities	1,324	-	7,476	8,800
Sales Tax Payable	-	-	254	254
Deposits Payable	550	-	3,850	4,400
Loans Payable	7,500	-	-	7,500
Bonds Payable - Current Portion	<u>2,281</u>	<u>-</u>	<u>-</u>	<u>2,281</u>
Total Current Liabilities	<u>11,655</u>	<u>-</u>	<u>11,580</u>	<u>23,235</u>
Noncurrent Liabilities:				
Bonds Payable - Long-Term Portion	<u>35,943</u>	<u>-</u>	<u>-</u>	<u>35,943</u>
<b>TOTAL LIABILITIES</b>	<u><b>47,598</b></u>	<u><b>-</b></u>	<u><b>11,580</b></u>	<u><b>59,178</b></u>
<b>NET ASSETS:</b>				
Invested in Capital Assets, Net of Related Debt	193,682	-	32,371	226,053
Restricted for Bonded Retirement	6,200	-	-	6,200
Unrestricted	<u>76,212</u>	<u>8,909</u>	<u>553,828</u>	<u>638,949</u>
<b>TOTAL NET ASSETS</b>	<u><b>276,094</b></u>	<u><b>8,909</b></u>	<u><b>586,199</b></u>	<u><b>871,202</b></u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u><b>323,692</b></u>	<u><b>8,909</b></u>	<u><b>597,779</b></u>	<u><b>930,380</b></u>

See accompanying notes and accountant's report.

**MEADOW TOWN**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund			
	<u>Water System</u>	<u>Sanitation System</u>	<u>Electric System</u>	<u>Totals</u>
<b>Operating Revenues:</b>				
Charges for Sales and Services:				
Utility Fees	<u>28,929</u>	<u>12,646</u>	<u>108,141</u>	<u>149,716</u>
<b>Operating Expenses:</b>				
Costs of Sales and Services	10,801	9,120	108,404	128,325
Depreciation	<u>12,064</u>	<u>-</u>	<u>2,368</u>	<u>14,432</u>
Total Operating Expenses	<u>22,865</u>	<u>9,120</u>	<u>110,772</u>	<u>142,757</u>
Operating Income	<u>6,064</u>	<u>3,526</u>	<u>(2,631)</u>	<u>6,959</u>
<b>Nonoperating Revenues (Expenses):</b>				
Investment Earnings	8,254	-	4,712	12,966
Interest Expense	(1,963)	-	-	(1,963)
Grant Proceeds	23,397	-	-	23,397
Transfers In (Out)	<u>45,000</u>	<u>-</u>	<u>(45,000)</u>	<u>-</u>
Total Nonoperating Revenues (Expenses)	<u>74,688</u>	<u>-</u>	<u>(40,288)</u>	<u>34,400</u>
Change in Net Assets	80,752	3,526	(42,919)	41,359
Total Net Assets - Beginning	<u>195,342</u>	<u>5,383</u>	<u>629,118</u>	<u>829,843</u>
Total Net Assets - Ending	<u><u>276,094</u></u>	<u><u>8,909</u></u>	<u><u>586,199</u></u>	<u><u>871,202</u></u>

See accompanying notes and accountant's report.

**MEADOW TOWN  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND**

June 30, 2005

	Business-Type Activity Enterprise Fund			
	Water System	Sanitation System	Electric System	Total
<b>Cash Flows From Operating Activities:</b>				
Receipts From Customers	28,708	12,597	109,009	150,314
Payments to Suppliers	(22,200)	(12,160)	(111,476)	(145,836)
Net Cash Provided by Operating Activities	6,508	437	(2,467)	4,478
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Principal Paid on Capital Debt	(2,177)	-	-	(2,177)
Interest Paid on Capital Debt	(1,963)	-	-	(1,963)
Loan Proceeds	7,500	-	-	7,500
Grant Proceeds	23,397	-	-	23,397
Transfers In (Out)	45,000	-	(47,000)	(2,000)
Net Cash Provided (Used) by Capital and Related Financing Activities	71,757	-	(47,000)	24,757
<b>Cash Flows from Investing Activities:</b>				
Interest Received	8,251	-	4,712	12,963
Construction in Progress	(59,589)	-	-	(59,589)
Capital Outlay	(23,397)	-	-	(23,397)
Net Cash Provided (Used) by Investing Activities	(74,735)	-	4,712	(70,023)
Net Increase (Decrease) in Cash and Cash Equivalents	3,530	437	(44,755)	(40,788)
Cash and Cash Equivalents - Beginning	78,726	7,385	602,440	688,551
Cash and Cash Equivalents - Ending	82,256	7,822	557,685	647,763
<b>Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:</b>				
Operating Income	6,064	3,526	(631)	8,959
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:				
Depreciation	12,064	-	2,368	14,432
Increase (Decrease) in Operating Assets:				
Accounts Receivable	(221)	(49)	868	598
Accrued Liabilities	(11,399)	(3,040)	(5,072)	(19,511)
Total Adjustments	444	(3,089)	(1,836)	(4,481)
Net Cash Provided (Used) by Operating Activities	6,508	437	(2,467)	4,478

See accompanying notes and accountant's report.



**MEADOW TOWN  
NOTES TO FINANCIAL STATEMENTS**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of Meadow Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

**A. Reporting Entity**

Meadow Town is a municipal corporation in Millard County, Utah. It is governed by an elected mayor and a four member council. As required by generally accepted accounting principles, these financial statements are of the primary government, Meadow Town, the reporting entity. The Town has no component units.

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEADOW TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, Meadow Town considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The government also reports the following non-major governmental fund:

The Perpetual Care Permanent Fund is used to account for principal trust amounts received and related interest income. The interest portion of the trust can be used to maintain the cemetery.

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the Town water, sanitation and electric operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water, sanitation and electric funds are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. Assets, Liabilities and Net Assets or Equity**

**Deposits and Investments:**

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

**Capital Assets:**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

**MEADOW TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Water System	40 Years
Electric System	40 Years

**Long-Term Obligations:**

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity:**

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

**E. Use of Estimates:**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**F. Budgets and Budgetary Accounting:**

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for towns) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the Town Board in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Council may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Board.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the department level.

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have over expended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**G. Property Tax Calendar:**

- |             |  |
|-------------|--|
| January 1   | Lien Date - All property appraised based upon situs and status as of this date (real and personal).  |
| March 1     | Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.   |
| June 22     | All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.   |
| July 22     | County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices. |
| September 1 | State Tax Commission approves tax rates.   |
| November 1  | County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.   |
| November 1  | County auditor to charge the county treasurer to account for all taxes levied.   |
| November 1  | County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.  |
| November 30 | Taxes on real property becomes delinquent.   |

**NOTE 2 - DEPOSITS AND INVESTMENTS**

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Cash on Hand	40
Demand Deposits	3,213
Investments - PTIF	<u>751,431</u>
Total Cash and Investments	<u><u>754,684</u></u>

**MEADOW TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	106,921
Business-Type Activities - Unrestricted	641,563
Business-Type Activities - Restricted	<u>6,200</u>
Total Cash and Cash Equivalents	<u><u>754,684</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

**Deposit and Investment Risk:**

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

**MEADOW TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk:**

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

**Credit Risk:**

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

**Concentration of Credit Risk:**

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

**NOTE 3 - BOND RESERVES**

Meadow Town is required to deposit into three reserve funds in connection with their bond issues:

1. Water Reserve Fund - \$35.00 per month until it reaches a maximum of \$4,100.00.
2. Water Emergency Repair and Replacement Reserve - \$25.00 per month until it reaches a maximum of \$1,500.00.
3. Sinking Fund - \$50.00 per month to assure the prompt payment of annual installments.

All of the reserve funds are fully funded for a total bond reserve of \$6,200.00.



**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - CAPITAL ASSETS**

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital Assets Not Being Depreciated:				
Land	108,630	5,000	-	113,630
Land Under Roads	<u>10,800</u>	<u>-</u>	<u>-</u>	<u>10,800</u>
 Total Capital Assets Not Being Depreciated	 <u>119,430</u>	 <u>5,000</u>	 <u>-</u>	 <u>124,430</u>
 Capital Assets Being Depreciated:				
Buildings	80,130	-	-	80,130
Improvements	57,020	-	-	57,020
Equipment	47,579	9,800	-	57,379
Infrastructure	<u>337,500</u>	<u>-</u>	<u>-</u>	<u>337,500</u>
 Total Capital Assets Being Depreciated	 <u>522,229</u>	 <u>9,800</u>	 <u>-</u>	 <u>532,029</u>
 Less Accumulated Depreciation For:				
Buildings	53,228	843	-	54,071
Improvements	42,093	1,173	-	43,266
Equipment	17,600	3,168	-	20,768
Infrastructure	<u>185,625</u>	<u>16,875</u>	<u>-</u>	<u>202,500</u>
 Total Accumulated Depreciation	 <u>298,546</u>	 <u>22,059</u>	 <u>-</u>	 <u>320,605</u>
 Total Capital Assets Being Depreciated (Net)	 <u>223,683</u>	 <u>(12,259)</u>	 <u>-</u>	 <u>211,424</u>
 Governmental Activities Capital Assets, Net	 <u>343,113</u>	 <u>(7,259)</u>	 <u>-</u>	 <u>335,854</u>

**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 4 - CAPITAL ASSETS (CONTINUED)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
<b>Business Type Activities:</b>				
Capital Assets Being Depreciated:				
Utility Systems	<u>565,531</u>	<u>82,989</u>	<u>-</u>	<u>648,520</u>
Total Capital Assets Being Depreciated	<u>565,531</u>	<u>82,989</u>	<u>-</u>	<u>648,520</u>
Less Accumulated Depreciation For:				
Utility Systems	<u>362,312</u>	<u>14,431</u>	<u>-</u>	<u>376,743</u>
Total Accumulated Depreciation	<u>362,312</u>	<u>14,431</u>	<u>-</u>	<u>376,743</u>
Total Capital Assets Being Depreciated (Net)	<u>203,219</u>	<u>(14,431)</u>	<u>-</u>	<u>271,777</u>
Business Type Activities Capital Assets, Net	<u>203,219</u>	<u>68,558</u>	<u>-</u>	<u>271,777</u>
Total Capital Assets	<u>546,332</u>	<u>61,299</u>	<u>-</u>	<u>607,631</u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
Public Health	-	14,431	14,431
Highways and Public Improvements	19,193	-	19,193
Parks and Recreation	<u>2,866</u>	<u>-</u>	<u>2,866</u>
Total Depreciation Expense	<u>22,059</u>	<u>14,431</u>	<u>36,490</u>

**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

**NOTE 5 - REVENUE BONDS PAYABLE**

The following is a schedule of changes in bonds payable:

Bond Issue:	Date of Issue	Interest Rate	Total Issued	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
					Issued	Matured	
Water Revenue Bonds: FHA	1980	5%	70,000	40,400	-	2,176	38,224
Total			70,000	40,400	-	2,176	38,224

The following is a summary of bonds payable to maturity:

	Principal	Interest	Total
2006	2,281	1,925	4,206
2007	2,397	1,815	4,212
2008	2,520	1,699	4,219
2009	2,649	1,576	4,225
2010	2,784	1,410	4,194
2011/2015	16,210	5,651	21,861
2016/2020	9,383	1,520	10,903
Totals	38,224	15,596	53,820

**MEADOW TOWN**  
**NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 6 - CLASS C ROAD - RESERVED FUND BALANCE**

The following is schedule of changes in Class C Roads:

Fund Balance - Beginning of Year	<u>40,000</u>
Receipts:	
State of Utah	16,680
Interest	<u>1,784</u>
Total Receipts	<u>18,464</u>
Disbursements:	
Maintenance	<u>(10,464)</u>
Fund Balance - End of Year	<u><u>48,000</u></u>

**NOTE 7 - PERPETUAL CARE PERMANENT FUND**

The following is schedule of changes in the Cemetery Perpetual Care Fund:

Fund Balance - Beginning of Year	36,609
Receipts:	
Perpetual Care	500
Disbursements	<u>-</u>
Fund Balance - End of Year	<u><u>37,109</u></u>

**NOTE 8 - PENSION PLANS**

**Local Governmental - Cost Sharing:**

**Plan Description:**

Meadow Town contributes to the Local Governmental Noncontributory Retirement System cost-sharing multiple-employer defined benefit pension plan administered by the Utah Retirement System (System). Utah Retirement Systems provide refunds, retirement benefits, annual cost of living adjustments and and death benefits to plan members and beneficiaries in accordance with retirement statutes.

**MEADOW TOWN  
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

**June 30, 2005**

**NOTE 8 - PENSION PLANS (CONTINUED)**

The Systems are established and governed by the respective sections of Chapter 49 of the Utah Code Annotated 1953 (Chapter 49) as amended, which also establishes the Utah State Retirement Office (Office) for the administration of the Utah Retirement Systems and plans. Chapter 49 places the Systems, the Office and related plans and programs under the direction of the Utah State Retirement Board (Board) whose members are appointed by the Governor. The Systems issue a publicly available financial report that included financial statements and required supplementary information for the Systems and Plans. A copy of the report may be obtained by writing to the Utah Retirement Systems, 540 East 200 South, Salt Lake City, UT 84102 or by calling 1-800-365-8772.

**Funding Policy:**

Meadow Town is required to contribute a percent of covered salary to the following system; 11.09% to the Noncontributory System. The contribution rates are the actuarially determined rates and are approved by the Board as authorized by Chapter 49.

Meadow Town contributions to the various systems for the years ending June 30, 2005, 2004 and 2003 respectively were; for the Noncontributory System, \$798.48, \$692.64 and \$625.68. The contributions were equal to the required contributions for each year.

**NOTE 9 - RISK MANAGEMENT**

Meadow Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and injuries and disasters. The Town is insured through National Casualty Company for general liability coverage. The limits of coverage is \$2,000,000 with a \$1,000 deductible for each occurrence.

The Town has \$1,000,000 coverage for bodily injury and property damage liability and \$100,000 coverage for fire damage liability. Personal and advertising injury liability coverage amounts to \$1,000,000 with medical payment of \$5,000.

Coverage for automobile liability is \$1,000,000 including uninsured motorist.

Worker's compensation coverage is with the State of Utah.

Claims have not exceeded coverage in any of the last three years.

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is used to assist in formatting, for easier reading)

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**REQUIRED SUPPLEMENTARY  
INFORMATION  
"UNAUDITED"**

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**MEADOW TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> (Budgetary Basis) (See Note A)	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>56,616</u>	<u>56,616</u>	<u>56,616</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	5,700	5,700	7,246	1,546
General Sales and Use Taxes	25,000	25,000	24,589	(411)
Telecommunications Tax	-	-	607	607
Fee-In-Lieu	<u>2,900</u>	<u>2,900</u>	<u>1,698</u>	<u>(1,202)</u>
Total Taxes	<u>33,600</u>	<u>33,600</u>	<u>34,140</u>	<u>540</u>
Licenses and Permits	<u>2,000</u>	<u>2,000</u>	<u>804</u>	<u>(1,196)</u>
Intergovernmental Revenue:				
Class C Road	22,000	22,000	16,680	(5,320)
State Liquor Allotment	280	280	323	43
Other - County Fire District	<u>6,550</u>	<u>6,550</u>	<u>6,550</u>	<u>-</u>
Total Intergovernmental Revenue	<u>28,830</u>	<u>28,830</u>	<u>23,553</u>	<u>(5,277)</u>
Charges for Services:				
Other	<u>-</u>	<u>-</u>	<u>1,532</u>	<u>1,532</u>
Miscellaneous Revenue:				
Interest	5,000	5,000	9,738	4,738
Use of Fund Balance	<u>9,820</u>	<u>9,820</u>	<u>-</u>	<u>(9,820)</u>
Total Miscellaneous Revenue	<u>14,820</u>	<u>14,820</u>	<u>9,738</u>	<u>(5,082)</u>
Amounts Available for Appropriation	<u>135,866</u>	<u>135,866</u>	<u>126,383</u>	<u>(9,483)</u>



**MEADOW TOWN  
BUDGETARY COMPARISON SCHEDULE  
GENERAL FUND**

**For The Fiscal Year Ended June 30, 2005**

	<u>Budgeted Amounts</u>		<u>Actual Amounts (Budgetary Basis) (See Note A)</u>	<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
General Administration	24,000	24,000	35,013	(11,013)
Professional Services	2,500	2,500	2,550	(50)
Other	1,200	1,200	4	1,196
Total General Government	<u>27,700</u>	<u>27,700</u>	<u>37,567</u>	<u>(9,867)</u>
Public Safety:				
Police	-	-	988	(988)
Fire Department	6,550	6,550	6,550	-
Total Public Safety	<u>6,550</u>	<u>6,550</u>	<u>7,538</u>	<u>(988)</u>
Streets and Public Improvements:				
Class C Road	25,000	25,000	11,076	13,924
Parks and Recreation:				
Cemetery	4,000	4,000	2,860	1,140
Parks and Recreation	16,000	16,000	12,091	3,909
Total Parks and Recreation	<u>20,000</u>	<u>20,000</u>	<u>14,951</u>	<u>5,049</u>
Total Charges to Appropriations	<u>79,250</u>	<u>79,250</u>	<u>71,132</u>	<u>8,118</u>
Budgetary Fund Balance - June 30, 2005	<u>56,616</u>	<u>56,616</u>	<u>55,251</u>	<u>(1,365)</u>

**MEADOW TOWN  
NOTE A  
BUDGETARY COMPARISON SCHEDULE  
BUDGET-TO-GAAP RECONCILIATION**

**For The Fiscal Year Ended June 30, 2005**

	<u>General Fund</u>
<b>Sources/Inflows and Resources:</b>	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	126,383
<b>Differences - Budget to GAAP:</b>	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	<u>(56,616)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>69,767</u></u>
<b>Uses/Outflows of Resources:</b>	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	71,132
<b>Differences - Budget to GAAP:</b>	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>71,132</u></u>